

AMENDED IN SENATE MAY 5, 2009  
AMENDED IN SENATE APRIL 15, 2009

**SENATE BILL**

**No. 213**

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**Introduced by Senator Florez**

February 23, 2009

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An act to amend ~~Section 19984 of~~ *Sections 19854, 19962, 19963, 19981, and 19984 of*, and to add Section 19966 to, the Business and Professions Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 213, as amended, Florez. Gambling establishments: proposition players.

The

(1) *The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. Existing law provides for the enforcement of those activities by the Department of Justice. Existing law—allows provides that any violation of the act for which a penalty is not provided is punishable as a misdemeanor.*

*The act requires certain persons employed in the operation of a gambling enterprise, known as key employees, to apply for and obtain a key employee license that entitles the holder to work as a key employee in any key employee position at any gambling establishment, provided that the key employee terminates employment with one gambling establishment before commencing work for another. Existing law requires the commission to establish a program for personal portable licenses for key employees, and to implement that program on or before July 1, 2008.*

*This bill would provide, pursuant to those provisions, if a key employee transfers to another jurisdiction that requires a key employee to have a local license in addition to a state license, the state license may serve as a temporary local license upon the gambling establishment giving notice to the local licensing authority.*

*(2) The act prohibits, until January 1, 2015, the governing body and the electors of a county, city, or city and county from authorizing or expanding any legal gaming beyond that permitted on January 1, 1996. Additionally, the commission is prohibited, until January 1, 2015, from issuing a gambling license for a gambling establishment that was not licensed to operate on December 31, 1999, except as specified.*

*This bill would extend the operation of these provisions to January 1, 2018. The bill also would provide that a city, county, or city and county that issues local gambling licenses, key employee licenses, or work permits shall not appoint a person to manage or oversee the issuance of those licenses or permits who, within 2 years prior to that appointment, was employed or retained by, or derived substantial income from, a gambling establishment, or was a principal in a partnership or corporation that was retained by, or derived substantial income from, any gambling establishment.*

*(3) The act prohibits a member of the commission, the executive director, the chief, and any employee of the commission or Department of Justice designated by regulation, for a period of 3 years after leaving office or terminating employment, for compensation, from acting as agent or attorney for, or otherwise representing, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the department, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval.*

*This bill additionally would prohibit a member of the commission, the executive director, the chief, and any employee of the commission or department designated by regulation, for a period of 2 years after leaving office or terminating employment, from being employed as a consultant or key employee of a gambling establishment.*

*(4) The act allows a licensed gambling establishment to contract with a 3rd party for the purpose of providing proposition player services, subject to specified conditions.*

This bill would prohibit the duration of a contract between a gambling establishment and a 3rd-party provider of proposition player services from exceeding 2 years. ~~The bill would provide that nothing in the Gambling Control Act shall be construed to prohibit a 3rd-party provider of proposition player services, or a player employed by such a provider, from servicing more than one table at a time.~~

The bill would delete an obsolete provision.

(5) *Because this bill would impose new regulatory requirements, violations of which would be punishable as misdemeanors, this bill would impose a state-mandated local program.*

(6) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 19854 of the Business and Professions  
2     Code is amended to read:  
3     19854. (a) Every key employee shall apply for and obtain a  
4     key employee license.  
5     (b) No person may be issued a key employee license unless the  
6     person would qualify for a state gambling license.  
7     (c) A key employee license shall entitle the holder to work as  
8     a key employee in any key employee position at any gambling  
9     establishment, provided that the key employee terminates  
10    employment with one gambling establishment before commencing  
11    work for another.  
12    (d) The commission shall establish a program for ~~portable~~  
13    personal *portable* licenses for key employees, as well as a process  
14    by which valid key employee licenses then in effect shall be  
15    converted to personal portable licenses. The commission may, as  
16    part of that process, establish a fee to be paid by a key employee  
17    when seeking a personal portable license. The commission shall  
18    seek to implement the requirements imposed by this subdivision  
19    on or before July 1, 2008.

1 (e) Pursuant to subdivision (d), if a key employee transfers to  
2 another jurisdiction that requires a key employee to have a local  
3 license in addition to a state license, the state license may serve  
4 as a temporary local license upon the gambling establishment  
5 giving notice to the local licensing authority.

6 SEC. 2. Section 19962 of the Business and Professions Code,  
7 as added by Section 4 of Chapter 854 of the Statutes of 2006, is  
8 amended to read:

9 19962. (a) On and after the effective date of this chapter,  
10 neither the governing body nor the electors of a county, city, or  
11 city and county that has not authorized legal gaming within its  
12 boundaries prior to January 1, 1996, shall authorize legal gaming.

13 (b) An ordinance in effect on January 1, 1996, that authorizes  
14 legal gaming within a city, county, or city and county may not be  
15 amended to expand gaming in that jurisdiction beyond that  
16 permitted on January 1, 1996.

17 (c) This section shall become operative on January 1, 2010.

18 (d) This section shall remain in effect only until January 1, ~~2015~~  
19 2018, and as of that date is repealed, unless a later enacted statute,  
20 that is enacted before January 1, ~~2015~~ 2018, deletes or extends  
21 that date.

22 SEC. 3. Section 19963 of the Business and Professions Code  
23 is amended to read:

24 19963. (a) In addition to any other limitations on the expansion  
25 of gambling imposed by Section 19962 or any provision of this  
26 chapter, the commission may not issue a gambling license for a  
27 gambling establishment that was not licensed to operate on  
28 December 31, 1999, unless an application to operate that  
29 establishment was on file with the department prior to September  
30 1, 2000.

31 (b) This section shall remain in effect only until January 1, ~~2015~~  
32 2018, and as of that date is repealed, unless a later enacted statute,  
33 that is enacted before January 1, ~~2015~~ 2018, deletes or extends  
34 that date.

35 SEC. 4. Section 19966 is added to the Business and Professions  
36 Code, to read:

37 19966. A city, county, or city and county that issues local  
38 gambling licenses, key employee licenses, or work permits shall  
39 not appoint a person to manage or oversee the issuance of those  
40 licenses or permits who, within two years prior to that appointment,

1 *was employed or retained by, or derived substantial income from,*  
2 *a gambling establishment, or was a principal in a partnership or*  
3 *corporation that was retained by, or derived substantial income*  
4 *from, any gambling establishment.*

5 *SEC. 5. Section 19981 of the Business and Professions Code*  
6 *is amended to read:*

7 19981. (a) A member of the commission, the executive  
8 director, the chief, and any employee of the commission or  
9 department designated by regulation, shall not, for a period of three  
10 years after leaving office or terminating employment, for  
11 compensation, act as agent or attorney for, or otherwise represent,  
12 any other person by making any formal or informal appearance,  
13 or by making any oral or written communication, before the  
14 commission or the department, or any officer or employee thereof,  
15 if the appearance or communication is for the purpose of  
16 influencing administrative action, or influencing any action or  
17 proceeding involving the issuance, amendment, awarding, or  
18 revocation of a permit, license, or approval.

19 (b) A member of the commission shall not solicit or accept  
20 campaign contributions from any person, including any applicant  
21 or licensee.

22 (c) *A member of the commission, the executive director, the*  
23 *chief, and any employee of the commission or department*  
24 *designated by regulation, shall not, for a period of two years after*  
25 *leaving office or terminating employment, be employed as a*  
26 *consultant or key employee of a gambling establishment.*

27 **SECTION 1.**

28 *SEC. 6. Section 19984 of the Business and Professions Code*  
29 *is amended to read:*

30 19984. Notwithstanding any other provision of law, a licensed  
31 gambling establishment may contract with a third party for the  
32 purpose of providing proposition player services, subject to the  
33 following conditions:

34 (a) Any agreement, contract, or arrangement between a gambling  
35 establishment and a third-party provider of proposition player  
36 services shall be approved in advance by the department, and in  
37 no event shall a gambling establishment or the house have any  
38 interest, whether direct or indirect, in funds wagered, lost, or won.

1 (b) The duration of an agreement, contract, or arrangement  
2 between a gambling establishment and a third-party provider of  
3 proposition player services shall not exceed two years.

4 (c) The commission shall establish reasonable criteria for, and  
5 require the licensure and registration of, any person or entity that  
6 provides proposition player services to gambling establishments  
7 pursuant to this section, including owners, supervisors, and players.  
8 Those employed by a third-party provider of proposition player  
9 services, including owners, supervisors, observers, and players,  
10 shall wear a badge which clearly identifies them as proposition  
11 players whenever they are present within a gambling establishment.  
12 The commission may impose licensing requirements, disclosures,  
13 approvals, conditions, or limitations as it deems necessary to  
14 protect the integrity of controlled gambling in this state, and may  
15 assess and collect reasonable fees and deposits as necessary to  
16 defray the costs of providing this regulation and oversight.

17 (d) The department, pursuant to regulations of the commission,  
18 is empowered to perform background checks, financial audits, and  
19 other investigatory services as needed to assist the commission in  
20 regulating third-party providers of proposition player services, and  
21 may assess and collect reasonable fees and deposits as necessary  
22 to defray the costs of providing this regulation and oversight. The  
23 department may adopt emergency regulations in order to implement  
24 this subdivision.

25 ~~(e) Nothing in this chapter shall be construed to prohibit a~~  
26 ~~third-party provider of proposition player services, or a player~~  
27 ~~employed by such a provider, from servicing more than one table~~  
28 ~~at a time.~~

29 *SEC. 7. No reimbursement is required by this act pursuant to*  
30 *Section 6 of Article XIII B of the California Constitution because*  
31 *the only costs that may be incurred by a local agency or school*  
32 *district will be incurred because this act creates a new crime or*  
33 *infraction, eliminates a crime or infraction, or changes the penalty*  
34 *for a crime or infraction, within the meaning of Section 17556 of*  
35 *the Government Code, or changes the definition of a crime within*  
36 *the meaning of Section 6 of Article XIII B of the California*  
37 *Constitution.*